

## **THE JACOBS REPORT**

**GILDA Z. JACOBS**  
**MICHIGAN SENATE**  
Assistant Democratic Floor Leader  
FOURTEENTH DISTRICT

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**Contact: Matt Levin**  
**(517) 373-7888**

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### **HOUSE VOTES TO ELIMINATE SBT**

#### **Bill Prohibits Tax Shift to Sales, Income, Use, or Property**

The Legislature will have approximately 425 days to come up with a new business tax if the Senate and Governor follow the House's lead on snuffing out the Single Business Tax. The House voted to eliminate the famously unpopular tax this week, phasing it out in 2007. In addition to requiring that the tax replacement could not increase the rate paid by individuals, the House amended the bill to specify that whatever replaces the SBT must be less costly and burdensome to employers.

The major beef with the SBT is that it taxes operational costs instead of profits, providing a steady revenue diet for the state while starving businesses that are either already losing money, or fighting to stay in the black.

This new SBT sunset is set for December 31, 2007. Whether or not the Senate and Governor concur, the SBT is destined for extinction. Current law already provides for repeal of the tax on December 31, 2009.

The bill passed on a 63-42 vote, with seven Democrats joining a solid Republican block in support of the measure. Rep. Kathy Angerer (D-Dundee), Rep. Pam Byrnes (D-Dexter), Rep. Marie Donigan (D-Royal Oak), Rep. John Espinoza (D-Croswell), Rep. Gary McDowell (D-Rudyard), Rep. Joel Sheltroun (D-West Branch) and Rep. Dudley Spade (D-Tipton) joined all 56 Republicans present in support. Rep. Gary Newell (R-Saranac) and Rep. Barb Vander Veen (R-Allendale) were absent from voting and House Minority Leader Dianne Byrum (D-Onondaga) abstained.

For those who had the privilege of being associated with the Legislature before term limits, the process of eliminating an unpopular tax before finding a way to replace it is reminiscent of 1994, when then-state Senator Debbie Stabenow's SB 1 repealed local property taxes marked for school operations and set the stage for Proposal A.

The Senate is expected to take up the SBT issue next week.

### **CURRICULUM BILL PASSES SENATE UNANIMOUSLY**

#### **Strict Requirements Peppered with Flexibility**

Specific credits in English, science, mathematics, social studies and foreign languages would be required under new high school curriculum legislation the Senate approved unanimously.

One controversy surrounded an amendment that would allow students to bypass Algebra II by taking “an alternative approach” involving a personalized study in consultation with a student’s parents, math teacher and guidance counselor. The amendment was passed by the exact amount of votes needed. The addition of the amendment temporarily derailed voting as the bill sponsor tried to sort out how the amendment got adopted.

All other amendments adding flexibility to the requirements were defeated.

The bill now goes to the House; substantial amendments are expected and it is not clear what the bill will look like in its final form.

## **DO YOU QUALIFY?**

### **Lifeline Telephone Discount Program**

Did you know you might be eligible to receive discounted telephone service? Recent changes to the Lifeline telephone assistance program mean that more Michigan residents can now take advantage of this program offered through local telephone companies.

The Lifeline telephone assistance program helps to make basic telephone service and installation affordable for low-income families and residents throughout the state.

Residents who are at 150 percent or below of the Federal Poverty Guidelines or who participate in one of the following programs are eligible to apply:

Medicaid  
Food Stamps  
Supplemental Security Income  
Federal Public Housing Assistance  
Low-Income Home Energy Assistance  
Temporary Assistance to Needy Families  
The National School Lunch Program’s Free Lunch Program.

On average, those who qualify for lifeline save \$100 off their annual telephone bill and up to 50 percent off their local telephone installation charge. For more information on the program or to enroll, please contact your local telephone service provider.

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State Senator Gilda Jacobs represents the 14<sup>th</sup> Senate District, which includes Beverly Hills, Bingham Farms, Farmington, Farmington Hills, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Southfield Township. She is the Minority Vice Chair of the Families & Human Services Committee and the Economic Development, Small Business & Regulatory Reform Committee. She also serves on the Government Operations and Health Policy Committees.

**Constituents of the 14<sup>th</sup> District may contact Senator Jacobs at [sengjacobs@senate.michigan.gov](mailto:sengjacobs@senate.michigan.gov) or toll-free at 1-888-937-4453.**

This newsletter is produced in single-space form in order to save paper and transmission costs.

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Matthew J. Levin  
Legislative Director  
Senator Gilda Z. Jacobs  
P.O. Box 30036  
Lansing, MI 48909-7536  
(517) 373-7888  
[mlevin@senate.michigan.gov](mailto:mlevin@senate.michigan.gov)